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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74483; File No. SR-CFE-2015-002)

March 11, 2015

Self-Regulatory Organizations; CBOE Futures Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Regarding Exchange of Contract for Related Position Transactions and Block Trades

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on February 25, 2015 CBOE Futures Exchange, LLC (“CFE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also has filed this proposed rule change with the Commodity Futures Trading Commission (“CFTC”). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act (“CEA”)² on February 25, 2015.

I. Self-Regulatory Organization’s Description of the Proposed Rule Change

The Exchange proposes to amend its rules related to Exchange of Contract for Related Position (“ECRP”) transactions and block trades. The scope of this filing is limited solely to the application of the rule amendments to security futures traded on CFE. The only security futures currently traded on CFE are traded under Chapter 16 of CFE's Rulebook which is applicable to Individual Stock Based and Exchange-Traded Fund Based Volatility Index security futures. The text of the proposed rule change is attached as Exhibit 4 to the filing but is not attached to the publication of this notice.

¹ 15 U.S.C. 78s(b)(7).

² 7 U.S.C. 7a-2(c).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CFE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CFE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed CFE rule amendments included as part of this rule change is to: (i) amend CFE Rule 414 (Exchange of Contract for Related Position) to extend the time to report ECRP transactions to the Exchange from ten minutes to thirty minutes; and (ii) amend CFE Rules 414 and 415 (Block Trading) to clarify that the CFE Help Desk can provide written transaction summaries for ECRP transactions and block trades on the business day for which the transaction is submitted for clearing or the calendar day of the transaction. The rule amendments included as part of this rule change are to apply to all products traded on CFE, including both non-security futures and security futures.

Reporting Timeframe for ECRP Transactions

CFE is proposing to amend CFE Rule 414 (Exchange of Contract for Related Position) to extend the timeframe for reporting ECRP transactions. CFE Rule 414 currently provides that each party to an ECRP transaction is obligated to have an Authorized Reporter

(which is defined in CFE Rule 414(h) and 415(f))³ notify the CFE Help Desk of the terms of the ECRP transaction no later than ten minutes after the transaction is agreed upon. The amendments extend this current reporting window for ECRP transactions to thirty minutes.

CFE believes this extension is justified for the following reasons. First, it will allow CFE to stay competitive with other futures exchanges that currently provide market participants with additional time to report these transactions. Specifically, CME Group provides that such transactions “must be submitted within one hour after the relevant terms have been determined,”⁴ and ICE Futures U.S. provides no definitive timeframe and rather that such transactions “should be submitted to the Exchange as soon as possible following agreement to the terms by the relevant parties.”⁵ Second, the extension takes into account the specific, logistical aspects associated with these off-exchange transactions, which entail related transactions in two different instruments. Specifically, ECRP transactions in CFE products frequently involve contra-parties that operate on a trading floor instead of an office setting. In addition, the required recordkeeping presents logistical issues as each contra-party to an ECRP must coordinate with an Authorized Reporter to report to the CFE Help Desk the relevant ECRP transaction as well as collect or create records evidencing compliance with the criteria set forth in CFE Rule 414 as

³ CFE Rule 414(h) and CFE Rule 415(f) require that each CFE Trading Privilege Holder (“TPH”) executing an Exchange of Contract for Related Position transaction or a side of a block trade must have designated at least one Authorized Reporter that is pre-authorized by a CFE clearing member to report the ECRP transaction or block trade on behalf of the TPH.

⁴ CME Group, Market Regulation Advisory Notice (Aug. 4, 2014), Q&A22, [available at http://www.cmegroup.com/rulebook/files/ra1311-5r.pdf](http://www.cmegroup.com/rulebook/files/ra1311-5r.pdf).

⁵ ICE Futures U.S., EFRP FAQs (Sept. 5, 2014), Q&A 17, [available at https://www.theice.com/publicdocs/futures_us/EFRP_FAQ.pdf](https://www.theice.com/publicdocs/futures_us/EFRP_FAQ.pdf).

required by CFE Rule 414 (g).⁶ CFE believes a limited additional window for compliance is justified given these logistical aspects. Accordingly, CFE believes that extending the timeframe from ten to thirty minutes represents a sound balance that takes into account the above competitive and logistical considerations while remaining sufficiently limited in duration so as not to be detrimental to CFE's market.

Clarification Regarding Written Summaries for ECRP Transactions and Block Trades

CFE is proposing to amend CFE Rule 414 (Exchange of Contract for Related Position) and CFE Rule 415 (Block Trading) to clarify that the CFE Help Desk can provide written transaction summaries for ECRP transactions and block trades on the business day for which the transaction is submitted for clearing or the calendar day of the transaction. CFE Rules 414 and 415 currently contain language that imply that the CFE Help Desk always provides a written transaction summary of an ECRP transaction or a block trade on the business day for which the transaction is submitted for clearing. The amendments clarify that the CFE Help Desk can provide a written transaction summary of an ECRP transaction or block trade to each Authorized Reporter on either the business day for which the transaction is submitted for clearing or on the calendar day of the transaction.

For ECRP transactions and block trades that occur during most of the trading day, the CFE Help Desk would provide a transaction summary on the business day for which the

⁶ CFE Rule 414 (g) requires that each TPH involved in any ECRP transaction shall either maintain records evidencing compliance with the criteria set forth in Rule 414 or be able to obtain such records from its Customer involved in the ECRPs. Information required to be maintained but which is not systematically provided in conjunction with the processing of these trades may include the options delta utilized at the time of the trade in order to demonstrate that the Contract transaction would serve as an appropriate hedge for the Related Position.

transaction is submitted for clearing. However, there are circumstances in which the CFE Help Desk would provide a transaction summary on the calendar day of the transaction and not on the business day for which the transaction is submitted for clearing. For example, this could occur if an ECRP transaction or block trade in CBOE Volatility Index (“VIX”) futures was reported to the CFE Help Desk between 3:30 p.m. and 4:00 p.m. on a Monday through Thursday and was designated by the parties for clearance on the calendar day of the transaction. In that case, the next business day would have already started when the transaction is reported to the CFE Help Desk pursuant to the extended trading hours schedule in VIX futures, as the prior business day would have ended at 3:15 p.m. and the new business day would have started at 3:30 p.m. Accordingly, the CFE Help Desk would be providing a written transaction summary to the Authorized Reporters on the calendar day of the transaction and not on the business day for which the transaction would be submitted for clearing (since in this case the transaction would be submitted for clearing for the prior business day).

CFE is also making a technical, non-substantive change to CFE Rule 415(c) to correct a typographical error. Rule 415(c) incorrectly references Rule 415(i) for the reporting deadline instead of to Rule 415(g) where the relevant reporting deadline is contained and this rule change corrects this cross-reference.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Sections 6(b)(5)⁸ and 6(b)(7)⁹ in particular in that it is designed:

- to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and
- to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change would benefit market participants because it would provide them with a limited amount of additional time to report ECRP transactions. First, the change will allow CFE to stay competitive with other futures exchanges that currently provide market participants with additional time to report these transactions.¹⁰ Second, the extension takes into account the logistical aspects associated with these transactions, which entail related transactions in two different instruments. Specifically, ECRP transactions involve contra-parties operating on a trading floor instead of an office setting. In addition, the required recordkeeping presents logistical issues as each contra-party to an ECRP must coordinate with an Authorized Reporter to report to the CFE Help Desk its ECRP transaction as well as conduct the required recordkeeping manually. CFE

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f(b)(7).

¹⁰ See CME Group, Market Regulation Advisory Notice (Aug. 4, 2014), Q&A22, available at <http://www.cmegroup.com/rulebook/files/ra1311-5r.pdf>; ICE Futures U.S., EFRP FAQs (Sept. 5, 2014), Q&A 17, available at http://www.theice.com/publicdocs/futures_us/EFRP_FAQ.pdf.

believes extending the timeframe from ten to thirty minutes represents a sound balance that takes into account the above competitive and logistical considerations while remaining sufficiently limited in duration so as not to be detrimental to CFE's market.

In addition, the proposed rule change benefits market participants by clarifying to them that their Authorized Reporters will receive written transactions summaries: (i) regarding ECRP transactions on either the business day for which the contract leg of the ECRP transaction is submitted for clearing or the calendar day of the transaction; and (ii) regarding block trades, on either the business day for which the block trade is submitted for clearing or on the calendar day of the transaction.

B. Self-Regulatory Organization's Statement on Burden on Competition

CFE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed rule change will not burden competition because the new ECRP reporting timeframe and timeframe for receiving written summaries of ECRP transactions and block trades will apply to all persons and the revised rule provisions do not discriminate between market participants.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change will become effective on March 11, 2015.

At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule

change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.¹¹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CFE-2015-002 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CFE-2015-002. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

¹¹ 15 U.S.C. 78s(b)(1).

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CFE-2015-002, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Brent J. Fields
Secretary

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¹² 17 CFR 200.30-3(a)(12).